

# Avila: The tequila that's not tequila

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**T**he U.S. has had a long love affair with distilled drinks made from agave. First came the tequila craze, then smoky mezcal was all the rage. Now entrepreneurs, eager to tap into the reopening of bars and restaurants across the U.S., are banking on a new drink they're calling avila.

Revel Spirits, Inc., a closely held company based in Los Angeles, has a simple concept: take the same blue agave used in tequila, cultivate it in the state of Morelos and distill it using the artisanal method of slow-cooking over burning wood that produces smoky-accented mezcal.

But if Revel's secret recipe relies on two parts agave, one part heated-rocks, it's also at least one part marketing. Only distilleries in a certain region of Mexico are allowed to call their product "tequila," just like Champagne can only be made in one part of France. Revel's operations are elsewhere, in central Morelos state.

So instead of selling just another mezcal, Revel's co-founders, Hector Ruiz and Micah McFarlane, who both grew up in Minnesota, simply created a new category to build a sense of mystique and novelty. The company is investing millions of dollars into the brand, marketing it with a celebrity credential, and offering its most premium product, called "Añejo," for up to \$170 a bottle in U.S. liquor stores.

"If I ask someone whether they want mezcal from Morelos, Oaxaca or Guerrero, obviously people are going to say Oaxaca or Guerrero, because those are the places with the longest history," said Juan Carlos Gordillo, Revel's director of operations in Mexico. "The Revel project's mission is to create a new category called avila." Ruiz, the co-founder, was born in Morelos.

The company, which sold its first bottle in 2017, hopes to raise \$20 million in a C round of investment in the coming months. About 60% of that will go toward advertising and



Luis Antonio Rojas/Bloomberg photos

Workers walk through Blue Weber agave fields used for Revel Spirits Inc. avila drinks at a farm in Joncatepec, Morelos state, Mexico, on March 26.

marketing, with the rest earmarked for building inventory of its avila products. The name is a tribute to Noe Avila, a master distiller who works at Hector Ruiz's family's distillery. It doesn't hurt to have Justin Hartley, a star in the popular "This is Us" streaming series, as an owner since May 2020.

As the pandemic shut down bars and clubs, Revel spent the fall months selling its offerings "Añejo," aged for 24 months in French oak barrels, through online alcohol purveyors like Reserve Bar and regular liquor stores.

"We're small and hand-crafted so we cannot beat up our product and try to sell it for \$20," McFarlane said of the high price point. "We've worked too hard to deliver quality, natural farming and few pesticides."

In dry flatlands that sit among the hills of Morelos,



Bottles of Revel Spirits products rest on a display table at Hacienda Don Raul, one of the distilleries that provides avila to Revel Spirits.

avila harvesters shuck the slender, pointed leaves of the Blue Weber agave until only the pineapple-like heart is left. The hearts are roasted on a bed of rocks collected from a nearby volcano, then mashed into a juice and fermented. It's distilled up to three times,

pushed through a filtration system, and left to age for up to 24 months for the Añejo in barrels. A tequila-like steaming system is used to cook other agave hearts, and most of the Revel drinks are a mix of alcohol made from two processes. Worldwide, tequila and

mezcal still have plenty of room to grow, making up only about 3% of the \$491 billion spirits industry, according to Bloomberg Intelligence analyst Kenneth Shea. In North America, the main market for agave distillates, the share is larger at 11%, he said.

IWSR, a market analyst that follows alcoholic beverages, forecasts that mezcal volume in the US will grow more than 64% from 2019 to 2024, while tequila is expected to grow 36%.

"Consumers are looking for something different, something crafty, artisanal," Shea said. If the founders are "good brand marketers, they have a good chance at success."

In addition to its premium Añejo, Revel's portfolio includes a clear-colored "Blanco" which sells for \$60, and the "Reposado" priced at \$75 and aged for 12 months in Ameri-

can white oak barrels. A fourth product called "El Popo," named after the Popocatepetl volcano that lies about 15 miles northeast of the Revel distillery, is set to be launched in the U.S. in the second half of the year.

Agave takes anywhere from seven to 10 years to mature. The long process and huge demand have pushed up agave prices, Bf's Shea says. "Demand is so strong producers can't seem to grow this fast enough," he said.

Revel says it's able to produce enough by mixing three kinds of agave. The company currently has access to 550 hectares that grows Blue Weber, Espadín and Criollo. The first is traditionally used by tequileros, while the other two are more commonly used by mezcaleros.

"We have enough agave until 2030," McFarlane said. "Every year we try to add hectares by buying from farmers' associations."

The rows of agave in the town of Joncatepec are surrounded by emptied corn and cane fields amid low-slung mountains. The Popocatepetl volcano is off in the distance—its long plume seen rising in the sky when it's active. Planting agave is a long-term bet for area farmers, who make money selling small agave plants to other growers while waiting for their own to mature.

Small distillers from Morelos have long sought certification as both tequila and mezcal producers but were always rebuffed on both counts, said Andres Torres Acuña, the head of quality control for the Tequila Regulatory council. That's why Revel chose from the start to come up with a new name and category. Morelos has in the past tried to market refino, an agave alcohol that the revolutionary leader Emiliano Zapata, who hailed from the state, is said to have favored, but it never caught on.

"Every region has different qualities," Torres said. "If everyone tried to make a product that distinguished itself from ours, that would be fantastic."

## Medline

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"There's lots of know-how in Redmond," Czajka said. "Redmond has been great to work with."

The company tapped into Redmond's enterprise zone real estate tax program for the initial construction on 12 acres on Hemlock Avenue, said Jon Stark, Redmond Economic Development Inc. senior director.

"This expansion is a good example of how local companies can grow in Central Oregon, be acquired by larger corporations, adding horsepower — capital and talent — to further obtain market share while creating additional demand for their products through inno-



Dean Guernsey/The Bulletin

Debbie Rios works in the decontamination area at Medline Industries, Inc. in Redmond where more than 200 employees work to reprocess medical devices.

vation," Stark said in an email. "Given their significant growth trajectory, it (didn't) take long before they needed additional space. That time has come."

St. Charles Health System contracts with Medline ReNewal for reprocessing its medical waste, said Lisa Goodman, the hospital

spokeswoman. The contract saves the hospital 40% to 60% in purchasing the equipment new.

"It is a great program to help reduce the cost of disposable items, but also helps with limiting the number of items that are put in the landfills," said Tracy Bloo, surgical services manager at St. Charles Redmond. "Every time we send an item to be reprocessed, it stays out of the landfill. Even if St. Charles doesn't buy certain items back, other hospital organizations that utilize Medline ReNewal can purchase reprocessed items St. Charles has turned in. So, it's a win-win for all."

A recent study by the Fraunhofer Institute for Environmental, Safety and Energy

Technology, found that the global warming impact was cut by 50% just by reprocessing catheters over making new ones.

In addition, the process of reprocessing medical devices saved the medical industry about \$545 million, according to the Association of Medical Device Reprocessors. Medline ReNewal's process has diverted the equivalent of 37 million water bottles or more than 1 million pounds of waste, Czajka said. As an industry, reprocessing medical devices kept 15 million pounds of waste from landfills.

"Medical facilities get devices back at a lower rate," Czajka said. "The health centers are finding that partnering with us is helping grow our

business. We've been fortunate to have good partners that have chosen our company."

Medical device reprocessing is regulated by the U.S. Food and Drug Administration, which must approve single-use devices for reuse and requires the same standards apply as if the device was newly manufactured, according to the Centers for Disease Control and Prevention.

"Medline is one of Central Oregon's 'Gazelle' companies, in that they continue to grow, even during challenging economic times, helping Redmond to further diversify its economic base and insulating it from future storms," Stark said.

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